

AVON PENSION FUND COMMITTEE - INVESTMENT PANEL

Minutes of the Meeting held

Friday, 21st November, 2014, 1.30 pm

Members: Councillor Charles Gerrish (Chair), Councillor Patrick Anketell-Jones, Ann Berresford, Councillor Mary Blatchford, Roger Broughton and Councillor Ian Gilchrist

Advisors: Jignesh Sheth (JLT Employee Solutions) and Tony Earnshaw (Independent Advisor)

Also in attendance: Tony Bartlett (Head of Business, Finance and Pensions), Liz Woodyard (Investments Manager), Matt Betts (Assistant Investments Manager) and Matthew Clapton (Investments Officer)

21 EMERGENCY EVACUATION PROCEDURE

The Democratic Services Officer read out the procedure.

22 DECLARATIONS OF INTEREST

There were none.

23 APOLOGIES FOR ABSENCE AND SUBSTITUTIONS

Councillor Gilchrist had indicated that he would arrive late, because of a previous appointment.

24 TO ANNOUNCE ANY URGENT BUSINESS AGREED BY THE CHAIR

There were none

25 ITEMS FROM THE PUBLIC - TO RECEIVE DEPUTATIONS, STATEMENTS, PETITIONS OR QUESTIONS

There were none.

26 ITEMS FROM COUNCILLORS AND CO-OPTED AND ADDED MEMBERS

There were none.

27 MINUTES: 3 SEPTEMBER 2014

The public and exempt minutes of 3rd September 2014 were approved as a correct record and signed by the Chair.

28 REVIEW OF INVESTMENT PERFORMANCE FOR PERIODS ENDING 30 SEPTEMBER 2014

The Assistant Investments Manager introduced this item.

He reported that the Infrastructure manager had been selected and would draw down the allocation over the next eighteen months. A clarification meeting for the Diversified Growth Fund mandate would be held in December; all Panel Members were invited to attend. The clarification meeting for the Fund of Hedge Funds mandate would take place in March.

He reported that 2 managers previously rated amber had now achieved a green rating. A decision on Signet was awaiting the outcome of the tender for the Fund of Hedge Funds mandate; for the time being the illiquid portion of the Signet allocation would continue to have an adverse impact on returns from this manager. Schroder Equity team would meet officers in December and would meet the Panel again in March 2015.

He mentioned that there was an issue with returns reported for Partners by WM, which may be related to how WM treated the distributions. Officers were clarifying and would report back to Panel at the next Panel meeting. A Member said that this was an important issue, because there needed to be assurance about the true level of returns earned by the Fund. Mr Sheth said that he was confident that the issue was one of reporting, not of performance.

Mr Sheth commented on the JLT performance report. He said that in general the latest quarter had been positive and that the Fund's assets had increased in value. Most equity regions had had positive returns. There were strong returns from Frontier Markets.

Commenting on the performance of individual managers, he said that in JLT's view Alex Tedder, the new Head of Global Equities at Schroder, was a very competent investor. However, the Head of Business, Finance and Pensions, noting that another two members of the Schroder Global Equity team had left, wondered whether the Panel should be seriously concerned Schroder. Mr Sheth said that Alex Tedder had been appointed specifically to deal with problems in the Global Equity team. A Member suggested that if Schroder had not improved by March, the Fund's allocation to them should be reviewed, as other more profitable investment opportunities might be lost. The Chair said that the former Head of Global Equity had left over a year ago. He recalled that Schroder had said that they wanted to develop a more collegiate approach to investing, but on present evidence this approach was not working. The Investment Manager said Schroder's meeting with officers in December and with the Panel next March would provide opportunities to raise concerns.

[Councillor Gilchrist arrived at this point].

A Member noted that Pyrford (Diversified Growth Fund) had given a negative relative return over the last three quarters and asked whether a further negative quarter should prompt a review of this manager. Mr Sheth replied that Pyrford was at present following a defensive stance by holding short duration bonds to protect the capital value of the portfolio from expected rises in yields. He agreed it would be interesting to see how they had performed after two years rather than the short period since inception and noted that their allocation to Equities was low. The Investments Manager said that they would be expected to have performed better in the more volatile markets of October 2014 given their defensive portfolio.

RESOLVED:

1. To note the information as set out in the report.
2. To report issues identified to the Committee.

The Chair asked why Partners gave the fund earnings in cash, which then had to be reinvested, which incurred additional transaction costs. The Investments Manager said this was connected with the investment structure as a private partnership, closed ended fund, where income and capital realised is distributed to investors. .

29 WORKPLAN

RESOLVED to note the workplan.

The meeting ended at Time Not Specified

Chair(person)

Date Confirmed and Signed

Prepared by Democratic Services